

## Message Text

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ORIGIN EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 /090 R

DRAFTED BY EB/OT/GCP:ELWILLIAMS:JM

APPROVED BY EB/OT/GCP:DDUNFORD

STR:AGARLAND EB/ORF:NHERRINGER

STR:ELAPP

COMMERCE:JJOHNSTON

TREASURY:JJOHNSON

AGRICULTURE:JSTARKEY

EA:LEADMOND

EA/PHL:RWILLNER

EB/OT/TA:TGEWECKE

----- 114058

P R 062352Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

INFO USMISSION GENEVA

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E.O. 11652 N/A

TAGS: ETRD, RP

SUBJECT: U.S. TRADE BILL AND THE PHILIPPINES--VEGA

PROPOSALS

REF: MANILA 13995

1. GOP PAPER (VEGA PROPOSALS) CONCERNING POSSIBLE BENEFITS

FOR PHILIPPINES UNDER THE TRADE REFORM ACT (TRA) MADE

AVAILABLE TO DEPARTMENT ON AN INFORMAL BASIS BY

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PHILIPPINE EMBASSY IN LATE OCTOBER. WASHINGTON AGENCIES

HELD PRELIMINARY DISCUSSION OF DOCUMENT NOVEMBER 18.  
MOST OF THE ITEMS WILL HAVE TO BE EXPLORED FURTHER ONCE  
WE HAVE AN INDICATION OF WHAT THE FINAL LANGUAGE OF THE  
BILL WILL LOOK LIKE. SOME PROPOSALS, HOWEVER, APPEAR  
UNWORKABLE UNDER PRESENT CIRCUMSTANCES. FOLLOWING (NOT  
INTENDED TO BE EXHAUSTIVE) IS PRIMARILY FOR YOUR  
BACKGROUND.

2. AS EMBASSY IS AWARE, THE TRADE BILL IS IN FINAL  
STAGES OF THE LEGISLATIVE PROCESS, WITH CONSIDERATION ON  
THE SENATE FLOOR SCHEDULED TO BEGIN DECEMBER 10 AND  
HOPEFULLY TO BE FOLLOWED QUICKLY BY ACTION IN HOUSE-SENATE  
CONFERENCE. IN VIEW OF THE SIGNIFICANT DIFFERENCES BETWEEN  
THE HOUSE AND SENATE VERSIONS OF THE BILL, WE ARE UNABLE  
TO PREDICT AT THIS TIME THE ULTIMATE OUTCOME ON DISPUTED  
PROVISIONS INCLUDING THOSE AFFECTING GSP.

3. IN ANY EVENT WASHINGTON AGENCIES REMAIN COMMITTED  
TO BEING AS FORTHCOMING AS POSSIBLE WITH RESPECT TO THE  
PHILIPPINES CONSISTENT WITH THE PROVISIONS OF THE BILL  
AND OTHER U.S. INTERESTS. INTERAGENCY TRADE STAFF  
COMMITTEE (TSC) WILL PREPARE A LIST OF PHILIPPINE  
PRODUCTS TO BE INCLUDED IN THE PROPOSED GSP PRODUCT  
LIST WHICH WILL BE SUBMITTED TO THE TARIFF COMMISSION  
ONCE THE BILL HAS PASSED. TSC WILL ALSO ATTEMPT TO  
DETERMINE AT THAT TIME WHICH PHILIPPINE PRODUCTS MIGHT  
BENEFIT FROM THE HUMPHREY-BENTSEN AMENDMENTS,  
PROVIDED THE LATTER ARE RETAINED IN THE FINAL VERSION  
OF THE BILL. (INTRODUCED DURING SENATE FINANCE  
COMMITTEE HEARINGS, THE HUMPHREY-BENTSEN AMENDMENTS  
PROVIDE FOR NON-APPLICATION OF 50 PERCENT COMPETITIVE  
NEED CEILING IF NO "LIKE OR DIRECTLY COMPETITIVE ARTICLE"  
IS PRODUCED IN THE U.S. IT WOULD ALSO PROVIDE FOR  
ANNUAL INCREASES IN 25 MILLION DOLLAR CEILING  
PROPORTIONAL TO GROWTH OF U.S. GNP.)

4. FINALLY WITH RESPECT TO THE DUTY ON PHILIPPINE  
MAHOGANY PLYWOOD, SOME MFN REDUCTION FROM THE PRESENT  
20 PERCENT AD VALOREM RATE MAY BE POSSIBLE, ALTHOUGH  
PRESENT SITUATION IN U.S. BUILDING INDUSTRY IS MAKING  
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PLYWOOD INCREASINGLY SENSITIVE ITEM. USG POSITION  
CONTINUES TO BE, HOWEVER, THAT REDUCTION ON PLYWOOD  
SHOULD BE DEALT WITH IN MTN TO AVOID GIVING A FREE RIDE  
TO MAJOR SUPPLIERS (PRESENTLY, THE PHILIPPINES IS ONLY  
THE THIRD LARGEST SUPPLIER).

5. SEPTEL FOLLOWS CONCERNING LAST MINUTE SENATE FINANCE  
COMMITTEE INSERTION IN TRADE BILL OF LANGUAGE REPLACING

NATIONAL INTEREST WAIVER WHICH, BY REFERRING TO COUNTRIES  
HAVING HISTORICAL PREFERENTIAL RELATIONSHIP WITH U.S.,  
WOULD PROBABLY EXEMPT PHILIPPINES FROM COMPETITIVE NEED  
CEILING IF ACCEPTED BY HOUSE-SENATE CONFERENCE.  
EMBASSY REQUESTED NOT TO RAISE THIS SUBJECT WITH  
GOP UNTIL RECEIPT SEPTEL. KISSINGER

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PAPERS, NEGOTIATIONS, TRADE AGREEMENTS, TRADE REFORM ACT, DIPLOMATIC DISCUSSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** Izenbel0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE268828  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** ELWILLIAMS:JM  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740355-0506  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741253/aaaabtbe.tel  
**Line Count:** 121  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** MANILA 13995  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** Izenbel0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 JUN 2002 by elyme>; APPROVED <21 MAR 2003 by Izenbel0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S. TRADE BILL AND THE PHILIPPINES--VEGA PROPOSALS  
**TAGS:** ETRD, RP, US, (VEGA)  
**To:** MANILA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005